



SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

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Exhibits Accompanying Amendment

to

FORM 1 REGISTRATION STATEMENT

of

NYSE MKT LLC

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June 30, 2016

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EXHIBIT A

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

**EXHIBIT A**

The Ninth Amended and Restated Operating Agreement of NYSE MKT LLC, equity and option rules, and additional information regarding NYSE MKT LLC are publicly available on the Exchange's website at [www.NYSE.com](http://www.NYSE.com).

EXHIBIT B

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

## EXHIBIT B

Copies of written rulings, settled practices having the effect of rules, interpretations, and other such documents, which are not included in Exhibit A, if any, are kept up to date and are available to the Securities and Exchange Commission and to the public upon request.

Information Memos are publicly available on the Exchange's website at [www.NYSE.com](http://www.NYSE.com).

EXHIBIT C

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

## EXHIBIT C

Information in respect of each subsidiary or affiliate of NYSE MKT LLC, including copies of the constitution, articles of incorporation or association with all amendments thereto, and of existing by-laws or rules or instruments corresponding thereto, are kept up to date and are available to the Securities and Exchange Commission and to the public upon request.

EXHIBIT D

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

EXHIBIT D

The unconsolidated financial statements for each subsidiary or affiliate of NYSE MKT LLC for the last fiscal year follow.

The following pages of Exhibit D, numbered NYSEMKTONE-16-000011 through NYSEMKTONE-16-000133, are considered confidential and have been omitted from the Form 1, marked for "Confidential Treatment", and are filed separately pursuant to Rule 24b-2.

EXHIBIT I

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

EXHIBIT I

The audited consolidated financial statements for  
NYSE MKT LLC for the year ended December 31,  
2015 follow.

CONSOLIDATED FINANCIAL STATEMENTS

NYSE MKT LLC and Subsidiaries  
Year Ended December 31, 2015  
With Report of Independent Auditors

NYSE MKT LLC and Subsidiaries  
Consolidated Financial Statements  
Year Ended December 31, 2015

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## **Report of Independent Auditors**

The Board of Directors and Management  
NYSE MKT LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of NYSE MKT LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2015, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year ended December 31, 2015, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NYSE MKT LLC and Subsidiaries at December 31, 2015, and the consolidated results of their operations and their cash flows for the year ended December 31, 2015 in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

June 10, 2016

NYSE MKT LLC and Subsidiaries

Consolidated Balance Sheet

(In Millions)

December 31, 2015

**Assets**

Current assets:

Cash and cash equivalents	\$ 2
Accounts receivable	16
Loan receivable from affiliate	135
Income taxes receivable	5
Other current assets	3
Total current assets	<u>161</u>

Non-current assets

Goodwill	1,022
Other intangible assets, net	678
Other non-current assets	46
Total non-current assets	<u>1,746</u>

Total assets	<u>\$ 1,907</u>
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**Liabilities and equity**

Current liabilities:

Accounts payable and accrued liabilities	\$ 25
Income taxes payable	1
Due to affiliates, net	87
Deferred revenue	6
Total current liabilities	<u>119</u>

Non-current liabilities:

Accrued employee benefits	37
Deferred income taxes	257
Deferred revenue	6
Other non-current liabilities	6
Total non-current liabilities	<u>306</u>

Total liabilities	<u>425</u>
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Redeemable non-controlling interest	463
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Equity	<u>1,019</u>
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Total liabilities and equity	<u>\$ 1,907</u>
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*See accompanying notes to financial statements.*

NYSE MKT LLC and Subsidiaries

Consolidated Statement of Comprehensive Income

(In Millions)

Year Ended December 31, 2015

Revenues:	
Transaction fees	\$ 88
Listing fees	17
Data services fees	23
Other	39
Total revenues	<u>167</u>
Transaction-based expenses:	
Section 31 fees	7
Cash liquidity payments, routing and clearing	4
Total revenues less transaction-based expenses	<u>156</u>
Operating expenses:	
Compensation and benefits	9
Technology and communications	3
Professional services	0
Rent and occupancy	0
Selling, general and administrative	1
Depreciation and amortization	9
Affiliate	72
Total operating expenses	<u>94</u>
Operating income	62
Other income:	
Interest and other income (expense), net	1
Income before income tax expense	<u>63</u>
Income tax expense	11
Net income	52
Net income attributable to non-controlling interest	(21)
Net income attributable to NYSE MKT LLC	<u>\$ 31</u>
Net income	\$ 52
Other comprehensive income:	
Comprehensive income attributable to non-controlling interest	(21)
Other comprehensive income	1
Comprehensive income attributable to NYSE MKT LLC	<u>\$ 32</u>

*See accompanying notes to financial statements.*

NYSE MKT LLC and Subsidiaries  
Consolidated Statement of Changes in Equity

(In Millions)

Year Ended December 31, 2015

	<b>Equity</b>	<b>Redeemable Non- controlling Interest</b>
Balance at December 31, 2014	\$ 1,004	\$ 429
Adjustment to December 31, 2014 (See Note 2)	14	-
Balance at January 1, 2015	\$ 1,018	\$ 429
Net income	52	-
Net income attributable to non-controlling interest	(21)	21
Adjustment to redemption value of redeemable non-controlling interest	(32)	32
Distributions for tax payments	-	(19)
Stock based compensation	1	-
Other comprehensive income	1	-
Balance at December 31, 2015	\$ 1,019	\$ 463

*See accompanying notes to financial statements.*

NYSE MKT LLC and Subsidiaries  
Consolidated Statement of Cash Flows

(In Millions)

Year Ended December 31, 2015

**Operating activities:**

Net income	\$	52
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		9
Stock-based compensation		1
Deferred income taxes		(9)
Change in assets and liabilities:		
Accounts receivable		3
Other assets		(33)
Accounts payable and accrued liabilities		(6)
Income taxes payable		(14)
Due from affiliate, net		(9)
Deferred revenue		4
Other liabilities		(4)
Total adjustments		<u>(58)</u>
Net cash used in operating activities		<u>(6)</u>

**Financing activities:**

Distributions to equity partners		<u>(19)</u>
Net cash used in financing activities		<u>(19)</u>
Net decrease in cash and cash equivalents		(25)
Cash and cash equivalents, beginning of year		27
Cash and cash equivalents, end of year	\$	<u>2</u>

**Supplemental cash flow disclosure**

Cash paid for income taxes	\$	<u>1</u>
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*See accompanying notes to financial statements.*

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements

December 31, 2015

#### **1. Description of Business**

NYSE MKT LLC (“NYSE MKT” or “the Exchange”) is a wholly-owned subsidiary of NYSE Holdings LLC (“Parent”), a holding company that through its subsidiaries, operates securities exchanges including NYSE MKT. The Parent is a wholly-owned subsidiary of Intercontinental Exchange, Inc. (“ICE”). ICE operates regulated global markets and clearing houses, including futures exchanges, over-the-counter markets and derivatives clearing houses. ICE operates 17 global exchanges and six central clearing houses. The Exchange is a United States registered national securities exchange and self-regulatory organization (“SRO”). As such, it is registered with, and subject to oversight by, the Securities and Exchange Commission (“SEC”). The Exchange is a 48% shareholder in NYSE Amex Options LLC (“NYSE Amex Options”). The Exchange consolidates the results of NYSE Amex Options (Note 3). In addition to the Exchange, the Parent has two other subsidiary SRO’s: NYSE Arca, Inc. and New York Stock Exchange, LLC.

The Exchange is the regulator of its members. These regulatory functions are performed or overseen by NYSE Regulation, Inc., a subsidiary of Parent, and certain of our regulatory functions are performed by the Financial Industry Regulatory Authority, Inc. (“FINRA”), pursuant to an agreement.

#### **2. Significant Accounting Policies**

##### **Basis of Presentation**

The accompanying consolidated financial statements are presented in accordance with United States generally accepted accounting principles (“U.S. GAAP”) and include the accounts of the Exchange and its subsidiaries, which include NYSE Amex Options LLC and PDR Services, LLC (collectively, the “Subsidiaries”). All intercompany balances and transactions between the Exchange and its Subsidiaries have been eliminated in consolidation.

On November 13, 2013, ICE completed its acquisition of the Parent. The accompanying consolidated financial statements reflect the final purchase accounting adjustments as they relate to the Exchange as of the acquisition date. As of the acquisition date, push-down accounting has been applied to the Exchange from ICE, and a new basis of accounting was established for the Exchange reflecting fair value adjustments made during the purchase price accounting process related to the acquisition.

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

The Company made an adjustment to opening equity to dividends paid to the parent in the prior year.

##### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires the Exchange's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Non-controlling Interest**

For those consolidated subsidiaries in which the Exchange's ownership is less than 100% and for which the Exchange has control over the assets and liabilities and the management of the entity, the external stockholders' interests are shown as non-controlling interests.

##### **Affiliate Expenses**

Affiliate expenses are recognized at the time the services are provided to the Company by its affiliates (Note 6).

##### **Cash and Cash Equivalents**

The Exchange considers all short-term, highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

##### **Allowance for Doubtful Accounts**

The allowance for doubtful accounts is maintained at a level that management believes to be sufficient to absorb probable losses in the Exchange's accounts receivable portfolio. The allowance is based on several factors, including a continuous assessment of the collectability of each account. In circumstances where a specific customer's inability to meet its financial obligations is known, the Exchange records a specific provision for bad debts to reduce the receivable to the amount it reasonably believes will be collected. Accounts receivable are written off against the allowance for doubtful accounts when collection efforts cease.

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment is recorded at cost, reduced by accumulated depreciation. Depreciation and amortization expense related to property and equipment is computed using the straight-line method based on estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the initial lease term or the estimated life of the improvement. The Exchange reviews the remaining estimated useful lives of its property and equipment at each balance sheet date and will make adjustments to the estimated remaining useful lives whenever events or changes in circumstances indicate that the remaining useful lives have changed. Property and equipment net of depreciation and amortization are deemed immaterial as of December 31, 2015 for purposes of detailed footnote disclosure.

##### **Goodwill and Other Intangible Assets**

Goodwill and intangible assets with indefinite lives are not amortized, but are reviewed for impairment on at least an annual basis or whenever circumstances indicate impairment could exist. An impairment loss is recognized if the estimated fair value of the reporting unit is less than its book value. Identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives, which are seventeen years from date of inception, and are also reviewed at least annually for impairment or whenever changes in circumstances indicate impairment can exist. Identifiable intangible assets consist of exchange registrations and licenses, customer relationships, and trade names and other.

##### **Accrued Employee Benefits**

The Exchange has a defined benefit pension and other postretirement benefit plans, or collectively “benefit plans”. We recognize the funded status of the benefit plans in the consolidated balance sheets, measure the fair value of plan assets and benefit obligations as of the date of our fiscal year-end, and provide additional disclosures in the footnotes to the consolidated financial statements (Note 7).

Benefit plan costs and liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, health care cost trend rates, benefits earned, interest cost, expected return on assets, mortality rates and other factors. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. We immediately recognize in the consolidated statements of income certain of these unrecognized amounts when triggering events occur, such as when a settlement of pension obligations in excess of total

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

interest and service costs occurs. While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and other post-retirement obligations and future expense recognized.

#### **Income Taxes**

The Exchange is included in the consolidated federal and certain unitary state and local income tax returns filed by certain affiliates. In addition, the Exchange files separate state and local income tax returns for certain other states. The Exchange recognizes income taxes under the liability method. The Exchange recognizes a current tax asset or liability for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. The Exchange establishes valuation allowances if it believes that it is more likely than not that some or all of its deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using current enacted tax rates in effect.

In November 2015, the FASB issued Accounting Standards Update, Balance Sheet Classification of Deferred Taxes, or ASU 2015-17. ASU 2015-17 is part of the FASB's simplification initiative aimed at reducing complexity in accounting standards. This new standard requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet. ASU 2015-17 will be effective on a retrospective basis for annual reporting periods beginning after December 15, 2016, but early adoption is permitted. The Exchange decided to early adopt ASU 2015-17 for the annual period ended December 31, 2015, and the adoption did not have a material effect on the consolidated financial statements (Note 5)

The Exchange does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Exchange recognizes a tax benefit measured at the largest amount of the tax benefit that, in its judgment, is greater than 50 percent likely to be realized. The Exchange recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expenses.

The Exchange is subject to tax in numerous jurisdictions, primarily based on its operations. Significant judgment is required in assessing the future tax consequences of events that have been recognized in the Exchange's financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could have material impact on the Exchange's financial position or operating results.

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

##### Revenue Recognition

Cash trading fee revenues are paid by customer organizations based on their trading activity. Fees are assessed on a per share basis for trading in equity securities. The fees vary based on the size and type of trade that is consummated. The Exchange earns transaction fees for customer orders of equity securities matched internally, as well as for customer orders routed to other exchanges. Cash trading fees are recognized as earned, which is generally upon execution of the trade. Cash trading fees are recorded gross of liquidity rebates and routing charges. Liquidity payments made to cash trading customers and routing charges paid to other exchanges are included in transaction-based expenses in the consolidated statement of comprehensive income.

Derivatives trading and clearing revenues are recognized over the period in which the services are provided, which is typically the date the transactions are executed or are cleared, except for a portion of clearing revenues related to cleared contracts which have an ongoing clearing obligation that extends beyond the execution date. The transaction and clearing fee revenues are determined on the basis of the transaction and clearing fee charged for each contract traded on the exchanges. Derivatives transaction and clearing fees are recorded net of rebates. The Exchange offers rebates in certain of its markets primarily to support market liquidity and trading volumes by providing qualified trading participants in those markets a discount to the applicable commission rate. These rebates reduce revenue that the Exchange would have generated had it charged full transaction fees and had it generated the same volume without the rebate program.

The Exchange recognizes listing fee revenues from two types of fees applicable to companies listed on the Exchange - listing fees and annual fees. Listing fees consist of two components: original listing fees and fees related to other corporate-related actions. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that a company initially lists. Other corporate action related fees are paid by listed companies in connection with corporate actions involving the issuance of new shares to be listed, such as stock splits, rights issues and sales of additional securities, as well as mergers and acquisitions, which are subject to a minimum and maximum fee.

Original listing fees are recognized as revenue on a straight-line basis over estimated service periods of five years. Other corporate action listing fees are recognized as revenue on a straight-line basis over estimated service periods of three years. Unamortized balances are recorded as deferred revenue in the consolidated balance sheet. The unamortized deferred revenue balances as of December 31, 2015 of \$12 million relates to listing fees incurred and billed and not yet recognized as revenue.

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

Annual fees are charged based on the number of outstanding shares of listed U.S. companies at the end of the prior year. Annual fees are recognized as revenue on a pro rata basis over the calendar year.

The Exchange collects market data revenues for consortium-based data products and, to a lesser extent, for proprietary data products. Consortium-based data fees are determined by securities industry plans. Consortium-based data revenues that coordinated market data distribution generates (net of administration costs) are distributed to participating markets. These fees are recognized as revenue as services are rendered.

The Exchange collects market data revenues from our cash equity and options consortium-based data products and, to a lesser extent, for proprietary data products. Consortium-based data fees are determined by securities industry plans. Consortium-based data revenues that coordinated market data distribution generates (net of administration costs) are distributed to participating markets on the basis of the Regulation NMS formula. The Exchange collects annual license fees from vendors for the right to distribute market data to third parties and a service fee from vendors for direct connection to market data. These fees are recognized as revenue as services are rendered. These fees are included in data service fees in the consolidated statement of comprehensive income.

Other revenues relate to regulatory fees charged to member organizations, trading license fees, facility and other fees provided to specialists, brokers and clerks physically located on the U.S. markets that enable them to engage in the purchase and sale of securities on the trading floor.

#### **Transaction-Based Expenses**

The Exchange pays the SEC fees pursuant to Section 31 of the Securities Exchange Act of 1934 for transactions executed on the U.S. equities and options exchanges. These Section 31 fees (which are included in transaction-based expenses in the consolidated statement of comprehensive income) are designed to recover the government's costs of supervising and regulating the securities markets and securities professionals. The Exchange (or the Options Clearing Corporation on the Exchange's behalf), in turn, collects activity assessment fees, which are included in transaction fees in the consolidated statement of comprehensive income, from member organizations clearing or settling trades on the Exchange and recognizes these amounts as revenue when invoiced. Fees received are included in cash at the time of receipt and, as required by law, the amount due to the SEC is remitted semiannually and recorded as an accrued

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **2. Significant Accounting Policies (continued)**

liability until paid. The activity assessment fees are designed so that they are equal to the Section 31 fees paid by the Exchange to the SEC. As a result, Section 31 fees do not have an impact on the Exchange's net income.

Section 31 fees collected from customers are recorded on a gross basis as a component of transaction fee revenue.

The Exchange also incurs routing charges when it does not have the best bid or offer in the market for a security that a customer is trying to buy or sell on the Exchange. In that case, the customer's order is routed to the external market center that displays the best bid or offer. The external market center charges us a fee per share (denominated in tenths of a cent per share) for routing to its system. The Exchange includes costs incurred due to erroneous trade execution within routing and clearing.

#### **Fair Value Measurements**

The Exchange applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (Note 8). The Exchange defines fair value as the price that would be received for selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Exchange's financial instruments consist primarily of cash and cash equivalents, customer accounts receivable and other short-term assets and liabilities.

#### **3. Redeemable Non-Controlling Interest**

##### **NYSE Amex Options**

On June 29, 2011 and prior to the ICE acquisition of the Parent, the Exchange completed the sale of a significant equity interest in NYSE Amex Options, a U.S. options exchange, to seven external investors. The Exchange remains a 47% shareholder in the entity and manages the day-to-day operations of NYSE Amex Options, which operates under the supervision of a separate board of directors and a dedicated chief executive officer. The Exchange consolidates this entity for financial reporting purposes due to its ability to exercise control over the entity.

Under the terms of the sale, the external investors have the option to require the Exchange to repurchase a portion of the instrument on an annual basis over the course of five years, which

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Redeemable Non-Controlling Interest (continued)**

began in 2011. As of December 31, 2015, the external investors no longer own an equity interest in NYSE Amex Options with the shares previously held now being owned by a wholly-owned subsidiary of Parent. The Exchange has recorded the full redemption value of \$463 million as of December 31, 2015 as mezzanine equity and classified the related balance as “redeemable non-controlling interest” in the accompanying consolidated balance sheet.

**4. Other Intangibles**

The Exchange’s intangible assets include \$678 million of intangible assets purchased as of December 31, 2015. The following table presents the details of the intangible assets as of December 31, 2015 (in millions):

	<b>Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Useful Life</b>
Exchange registrations and licenses	\$ 515	\$ –	Indefinite
Customer relationships	147	18	17 years
Trade names and other	34	–	Indefinite
Total	<u>696</u>	<u>18</u>	

Indefinite useful lives were assigned to exchange registrations and licenses since the registrations and licenses represent rights to operate the Exchange in perpetuity and based on the long history of the Exchange and the expectation that a market participant would continue to operate them indefinitely. An average 17 year useful life for customer relationships is based on the projected economic benefits of the asset, and represents the approximate point in the projection period in which a majority of the asset’s cash flows are expected to be realized based on assumed attrition rates. Useful lives of trade names were determined based on history in the marketplace, their continued use, importance to the business and prominence in the industry.

For the year ended December 31, 2015, amortization expense of acquired intangible assets was \$9 million and is included in depreciation and amortization expense in the consolidated statement of comprehensive income. The estimated future amortization expense of acquired purchased intangible assets is as follows (in millions):

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Other Intangibles (continued)**

Year Ending December 31:	
2016	\$ 9
2017	9
2018	9
2019	9
2020	9
Thereafter	84
Total	<u>\$ 129</u>

**5. Income Taxes**

The components of the income tax provision for the year ended December 31, 2015 were as follows (in millions):

<b>Current:</b>	
Federal	\$ 16
State and local	4
Total current	<u>20</u>
<b>Deferred:</b>	
Federal	(1)
State and local	(8)
Total deferred	<u>(9)</u>
<b>Total tax expense</b>	<u>\$ 11</u>

A reconciliation of the U.S. federal statutory rate of 35 percent to the Exchange's actual income tax rate for the year ended December 31, 2015 was as follows:

Federal statutory rate	35%
State and local taxes (net of federal benefit)	4
State apportionment impact to deferreds	(7)
Non-controlling interest	(11)
Other	(3)
Effective tax rate	<u>18%</u>

The Exchange decided to early adopt ASU 2015-17 and classified all deferred tax assets and liabilities, along with any related valuation allowance, as non-current on the balance sheet as of

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Income Taxes (Continued)**

December 31, 2015 (Note 2). The following table reflects the requirements under ASU 2015-17 and summarizes the significant components of deferred tax assets and liabilities as of December 31, 2015 (in millions):

<b>Deferred tax assets:</b>	
Deferred compensation	\$ 7
Pension	8
Deferred revenue	2
Liability reserve	3
Total deferred tax assets	<u>\$ 20</u>
<b>Deferred tax liabilities:</b>	
Acquired intangible assets	\$ (275)
Other	(2)
Total deferred tax liabilities	<u>(277)</u>
Net non-current deferred tax liabilities	<u>\$ (257)</u>

A valuation allowance is established when management determines that it is more likely than not that all or some portion of the benefit of the deferred tax assets will not be realized.

The Exchange does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Exchange recognizes a tax benefit measured at the largest amount of the tax benefit that, in its judgment, is greater than 50% likely to be realized.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows for the year ended December 31, 2015 (in millions):

Beginning balance of unrecognized tax benefits	\$ 4
Additions based on tax positions related to current year	1
Reductions based on tax positions related to prior years	(1)
Reductions resulting from statute of limitation lapses	(2)
Ending balance of unrecognized tax benefits	<u>\$ 2</u>

The Exchange recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expense. For the year ended December 31, 2015, the Exchange recognized \$1 million of tax benefit for interest and penalties. There was immaterial accrued

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **5. Income Taxes (Continued)**

interest and penalties as of December 31, 2015. Tax years prior to 2010 no longer remain subject to examination.

#### **6. Related Parties**

The Exchange has agreements with ICE and New York Stock Exchange LLC to provide management and technical support services. The expenses incurred by ICE and New York Stock Exchange LLC primarily relate to salary, wages and benefits of the employees involved in performing or directly supervising services, hosting costs, regulatory service costs, as well as other direct and overhead costs. The Exchange incurs routing fees from NYSE Arca, Inc. representing a markup of actual routing costs charged by other execution venues. During the year ended December 31, 2015, expenses of \$72 million have been recorded by the Exchange in connection with these agreements and are reflected as affiliate expenses in the accompanying consolidated statement of income. The Parent also pays federal and certain state and local unitary income taxes on behalf of the Exchange. ICE and New York Stock Exchange LLC also make payments to vendors on behalf of the Exchange.

As of December 31, 2015, the Exchange had an \$87 million net payable related to these agreements. Additionally, as of December 31, 2015, the Exchange had a loan receivable from the Parent of \$135 million.

#### **7. Pension and Other Benefit Plans**

The employees of the Exchange participate in defined benefit plans (the "Plans") and defined contribution plans offered to certain U.S. employees of ICE. Effective December 31, 2008, the Exchange's benefit plans were merged with the Plans. The benefit accrual for the Plans is frozen. New York Stock Exchange, LLC and the Exchange represent approximately 92% and 8%, respectively, of the plan assets, for the defined retirement plan, and obligations as of December 31, 2013; however, they are not managed separately. As such, the remainder of this footnote reflects the consolidated Plans with reference to ICE as the ultimate parent of the Exchange.

##### ***Defined Benefit Pension Plans***

Retirement benefits are derived from a formula, which is based on length of service and compensation. Based on the calculation, ICE may contribute to its pension plans to the extent such contributions may be deducted for income tax purposes. For the year ended December 31, 2015, ICE contributed \$10 million to the pension plans. ICE funds the frozen defined benefit pension plan each year at the level above the minimum required contribution but within tax

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Pension and Other Benefit Plans (continued)**

deductible limits. Based on actuarial projections, ICE estimates that a contribution of \$10 million during the year ending December 31, 2016 will allow ICE to meet its funding goal. However, the actual contribution is contingent on the actual plan performance relative to assumptions.

During year ended December 31, 2014, as part of certain plan amendments, lump sum payments were offered to certain terminated vested participants as part of a de-risking strategy in the pension plans. The offer was made to 2,725 participants, of whom 935, or 34%, elected to receive a lump sum. The total amount paid to this group was \$55 million and when combined with other lump sum payments made during the year, it exceeded the total interest cost and service cost for the year.

ICE bases its investment policy and objectives on a review of the actuarial and funding characteristics of the retirement plan, the demographic profile of plan participants, and the business and financial characteristics of the Parent. Capital market risk/return opportunities and tradeoffs also are considered as part of the determination. The primary investment objective of the Plan is to achieve a long-term rate of return that meets the actuarial funding requirements of the plan and maintains an asset level sufficient to meet all benefit obligations of the plan. The target allocations for the Plan assets are 65 percent equity securities and 35 percent U.S. fixed income securities. Equity securities primarily include investments in large-cap and small-cap companies primarily located in the United States. U.S. Fixed income securities include corporate bonds of companies from diversified industries and U.S. treasuries.

The fair values of the Plan assets at December 31, 2015, by asset category were as follows (in millions). See Note 8 for further detail on fair value of financial instruments.

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Pension and Other Benefit Plans (continued)

Asset Category	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash	\$ 11	\$ -	\$ 0	\$ 11
Equity securities:				
U.S. large-cap	0	244	-	244
U.S. small-cap	0	69	-	69
International	0	128	-	128
Fixed income securities	128	83	3	214
Total	\$ 139	\$ 524	\$ 3	\$ 666

The costs of the plans during the year ended December 31, 2015 have been determined in accordance with the Compensation-Retirement Benefits Topic of the FASB Accounting Standards Codification. The measurement date for the plans is December 31, 2015. The following table provides a summary of the changes in the plans' benefit obligations and the fair value of assets as of December 31, 2015 and a statement of funded status of the plans as of December 31, 2015 (in millions):

Change in benefit obligation:	
Benefit obligation at January 1, 2015	\$ 916
Interest cost	34
Actuarial loss	(38)
Benefits paid	(51)
Benefit obligation at year end	861
Change in plan assets:	
Fair value of plan assets at January 1, 2015	718
Actual return on plan assets	(11)
Contributions	10
Benefits paid	(51)
Fair value of plan assets at December 31, 2015	666

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Funded status	<u>(195)</u>
Accumulated benefit obligation	<u>861</u>
Amounts recognized in the balance sheet:	
Accrued employee benefits	(195)

The components of the pension plans (benefit) in the ICE consolidated statement of comprehensive income are set forth below for the year ended December 31, 2015 (in millions):

	<u>Year Ended</u> <u>December 31, 2015</u>
Interest cost	\$ 34
Estimated return on plan assets	(46)
Recognized actuarial loss	2
Aggregate pension benefit	<u>\$ (10)</u>

ICE uses a market-related value of plan assets when determining the estimated return on plan assets. Gains/losses on plan assets are amortized over a four-year period and accumulate in other comprehensive income. ICE recognizes deferred gains and losses in future net income based on a “corridor” approach, where the corridor is equal to 10% of the greater of the benefit obligation or the market-related value of plan assets at the beginning of the year.

The following table shows the payments projected based on actuarial assumptions (in millions):

2016	\$ 50
2017	50
2018	49
2019	49
2020	49
Next 5 years	246

**Supplemental Executive Retirement Plan**

ICE also maintains a nonqualified supplemental executive retirement plan (“SERP”), which provides SERP benefits for certain employees. Employees or former employees of the Exchange participate in SERP. The future benefit accrual of all SERP plans is frozen. To provide for the future payments of these benefits, ICE has purchased insurance on the lives of the participants through company-owned policies. At December 31, 2015, the cash surrender value of such policies was \$51 million, which is included in other non-current assets on the ICE consolidated balance sheet.

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Pension and Other Benefit Plans (continued)**

The following table provides a summary of the changes in the SERP benefit obligations for the year ended December 31, 2015 (in millions):

Change in benefit obligations:	
Benefit obligation at January 1, 2015	\$ 73
Interest cost	2
Actuarial (gain) / loss	(3)
Benefits paid	(11)
Benefit obligation at end of year	<u>61</u>
Funded status	<u>(61)</u>
Amounts recognized in the ICE consolidated balance sheet:	
Current liabilities	(9)
Non-current liabilities	(52)

The components of the SERP plan expense/(benefit) in the ICE consolidated statement of income are set forth below for the year ended December 31, 2015 (in millions):

	<u>Year Ended</u> <u>December 31, 2015</u>
Interest cost	\$ 2
Recognized actuarial (gain) loss	-
Aggregate pension expense	<u>\$ 2</u>

The following table shows the projected payments for the SERP plan based on the actuarial assumptions (in millions):

2016	\$ 9
2017	8
2018	7
2019	5
2020	5
Five years thereafter	19

**Pension and SERP Plan Assumptions**

The weighted average assumptions used to develop the actuarial present value of the projected benefit obligation and net periodic pension/SERP cost are set forth below:

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Pension and Other Benefit Plans (continued)**

	<u>December 31, 2015</u>
Discount rate (pension/SERP)	4.0% / 3.4%
Expected long-term rate of return on plan assets (pension/SERP)	6.5% / N/A
Rate of compensation increase	N/A

The assumed discount rate reflects the market rates for high-quality corporate bonds currently available. The discount rate was determined by considering the average of pension yield curves constructed on a large population of high quality corporate bonds. The resulting discount rates reflect the matching of plan liability cash flows to yield curves. To develop the expected long-term rate of return on assets assumption, ICE considered the historical returns and the future expectations for returns for each asset class as well as the target asset allocation of the pension portfolio.

**Postretirement Benefit Plans**

ICE assumed the Parent's defined benefit plans to provide certain health care and life insurance benefits for eligible retired U.S. employees. These post-retirement benefit plans, which may be modified in accordance with their terms, were fully frozen in 2009. The net periodic post-retirement benefit costs were \$8 million for the year ended December 31, 2015. The defined benefit plans are unfunded and ICE currently does not expect to fund the post-retirement benefit plans. The weighted average discount rate as of December 31, 2015 is 4.1%. The following table shows the actuarial determined benefit obligation, benefits paid during the period and the accrued employee benefits (in millions):

	<u>Year Ended December 31, 2015</u>
Benefit obligation at December 31, 2015	\$ 224
Interest cost	8
Actuarial loss	(12)
Employee contributions	3
Benefits paid	(14)

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Pension and Other Benefit Plans (continued)**

Amounts recognized in the ICE consolidated balance sheet:

Other liabilities	(12)
Accrued employee benefits	(212)

The following table shows the payments projected (net of expected Medicare subsidy receipts of \$12 million in aggregate over the next ten fiscal years) based on actuarial assumptions (in millions):

2016	\$	13
2017		13
2018		13
2019		13
2020		13
Five years thereafter		69

For measurement purposes, ICE assumed an 7.6% annual rate of increase in the per capita cost of covered health care benefits in 2015 which will decrease on a graduated basis to 4.5% in the year 2029 and thereafter. The following table shows the effect of a one-percentage-point increase and decrease in assumed health care cost trend rates (in millions):

<u>Assumed Health Care Cost Trend Rate</u>	<u>1% Increase</u>	<u>1% Decrease</u>
Effect of postretirement benefit obligation	\$ 29	\$ (24)
Effect on total of service and interest cost components	1	(1)

**Accumulated Other Comprehensive Income**

The accumulated other comprehensive income as of December 31, 2015 was primarily a result of a decline in the discount rate and changes to mortality tables used to measure the benefit obligations of the pension, SERP and post-retirement benefit plans. Accumulated other comprehensive loss, after tax, as of December 31, 2015 consisted of the following amounts that have not yet been recognized in net periodic benefit cost (in millions):

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Pension and Other Benefit Plans (continued)**

	<b>Pension Plans</b>	<b>SERP Plans</b>	<b>Post- retirement Benefit Plans</b>	<b>Total</b>
Unrecognized net actuarial loss, after tax	\$ 102	\$ 3	\$ 14	\$ 119

The amount of prior actuarial loss included in accumulated other comprehensive income related to the pension, SERP and postretirement plans as of December 31, 2015, which are expected to be recognized in net periodic benefit cost in the coming year, is estimated to be (in millions):

	<b>Pension Plans</b>	<b>SERP Plans</b>	<b>Post- retirement Benefit Plans</b>	<b>Total</b>
Loss recognition	\$ (1)	\$ -	\$ -	\$ (1)

**Defined Contribution Plans**

ICE assumed the Parent's defined contribution plans for which most employees of the Exchange contribute a portion of their salary within legal limits. The Exchange matches an amount equal to 100% of the first 6% of eligible contributions. Total contributions made for the year ended December 31, 2015 were \$9 million related to the Parent's defined contribution plans. The U.S. operations also provide benefits under a Supplemental Executive Savings Plan ("SESP") to which eligible employees may contribute. Included in ICE's accrued employee benefits payable was \$11 million as of December 31, 2015 relating to the SESP plan.

**8. Fair Value of Financial Instruments**

The Exchange accounts for certain financial instruments (including those held in the Plan) at fair value in accordance with the Fair Value Measurements and Disclosures. The Fair Value Measurements and Disclosures Topic defines fair value, establishes a fair value hierarchy on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is determined using various

NYSE MKT LLC and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**8. Fair Value of Financial Instruments (continued)**

techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

**Fair Value Hierarchy**

Financial assets and liabilities are classified based on inputs used to establish fair value as follows:

Level 1 – Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets;

Level 2 – Valuation inputs are quoted prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets and other valuation techniques utilizing observable inputs directly or indirectly related to the asset or liability being measured;

Level 3 – Valuation techniques utilize inputs that are unobservable and significant to the fair value measurement.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Changes in the valuation inputs may result in a reclassification of certain financial assets or liabilities. See Note 7 where the fair values of the Exchange's pension plan assets and the hierarchy level of each are disclosed.

The Exchange owns a 20% interest in the Options Clearing Corporation ("OCC") through a direct investment which we record as an equity method investment. Under equity method accounting, we adjust the carrying value of our OCC investment on our balance sheet by recognizing our pro-rate share of the earnings or losses of OCC, with a corresponding adjustment in our statement of income to other income, after eliminating any intra-entity income or expenses. The share of OCC's earnings that we recognize is calculated based on our 20% ownership of OCC's net income. Also, if OCC issues cash dividends to us in the future, we will deduct the amount of these dividends from the carrying amount of our investment.

During the year ended December 31, 2015, we increased the carrying value of our investment in OCC and recorded other income of \$3 million ratably throughout the year for our pro-rata share of OCC's earnings. We also reduced our carrying value of our investment in OCC by \$3 million during the year ended December 31, 2015, based on the OCC dividend that was declared in December 2015.

## NYSE MKT LLC and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

#### **9. Commitments and Contingencies**

The Exchange is, from time to time, subject to legal and regulatory proceedings that arise in the ordinary course of business. However, the Exchange does not believe that the resolution of these matters will have a material adverse effect on the Exchange's consolidated balance sheet, statement of comprehensive income, or liquidity. It is possible, however, that future results of operations could be materially and adversely affected by any new developments relating to the legal proceedings and claims.

#### **10. Subsequent Events**

The Exchange has evaluated subsequent events and transactions and determined that no events or transactions met the definition of a subsequent event for purpose of recognition or disclosure in these financial statements.

EXHIBIT J

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

## EXHIBIT J

Lists of the officers, directors, members of all standing committees, or persons performing similar functions are kept up to date and will be made available to the Securities and Exchange Commission and to the public upon request.

EXHIBIT K

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

## EXHIBIT K

The ownership structure of NYSE MKT LLC is as follows:

1. Full legal name: NYSE Group, Inc.
2. Title or status: Delaware corporation
3. Date title or status was acquired: October 16, 2008
4. Approximate ownership interest: 100% ownership interest
5. Whether the person has control: Yes, NYSE Group, Inc. has control.

EXHIBIT M

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

## EXHIBIT M

An alphabetical listing of the members and member organizations of each of NYSE MKT LLC and NYSE Amex Options LLC, containing information including the name, date of election, principal place of business, and information with respect to the activities in which the members and member organizations are primarily engaged, is maintained by NYSE MKT LLC and NYSE Amex Options LLC, respectively, is kept up to date, and will be made available to the Securities and Exchange Commission upon request.

In addition, a list of member organizations for each of NYSE MKT LLC and NYSE Amex Options LLC is publicly available on the Exchange's website at [www.NYSE.com](http://www.NYSE.com).

EXHIBIT N

ACCOMPANYING AMENDMENT TO FORM 1 REGISTRATION STATEMENT

OF

NYSE MKT LLC

JUNE 2016

EXHIBIT N

A schedule of NYSE MKT LLC and NYSE Amex Options LLC securities admitted to trading is publicly available on the Exchange's website at [www.NYSE.com](http://www.NYSE.com).

A list of such securities is also maintained by the Exchange, is kept up to date, and will be made available to the Securities and Exchange Commission and the public on request.